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Message Text

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PAGE 01 TEL AV 01824 121300Z

46
ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 ABF-01 FS-01 OPR-02 AID-05

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03 H-02 PM-04

DODE-00 PA-01 PRS-01 AGR-05 FEA-01 INT-05 SAM-01

SAB-01 IO-11 /117 W
---------- 108644
P R 121128Z MAR 76
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 584
INFO AMCONSUL JERUSALEM

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E.O. 11652: NA
TAGS: ECON, IS
SUBJECT: POSSIBLE DEVALUATION OF ISRAELI POUND

REFS: A) 1975 TEL AVIV 6170; B) TEL AVIV 1008

1. RUMORS ARE ONCE AGAIN MAKING ROUNDS THAT GOI WILL UNDERTAKE DEVALUATION OF ISRAELI POUND WITHIN NEXT FEW DAYS. REPORTS ARE THAT DEVALUATION WILL EXCEED MONTHLY TWO PERCENT MINI-DEVALUATION AND BE COMPARABLE TO LAST SEPTEMBER'S DEVALUATION OF TEN PERCENT.

2. DEVALUATION SPECULATION STIMULATED BY RECENT CURRENCY REALIGNMENTS IN EUROPE AND REPORTS OF WEAK ISRAELI RESERVE POSITION. HOWEVER, BANK OF ISRAEL HAS DENIED THAT THESE DEVELOPMENTS WILL HAVE SIGNIFICANT EFFECT ON VALUE OF ISRAELI POUND. FINANCE MINISTER RZABINOWITZ TERMED RUMORS OF LARGER THAN TWO PERCENT DEVALUATION "NONSENSE".
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PAGE 02 TEL AV 01824 121300Z

NONETHELESS, NATAD DOLLAR ROSE FROM IL 8.69 TO IL 9.09

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PER DOLLAR THIS WEEK. BLACK MARKET RATE HAS INCREASED
MODERATELY TO IL 10.35 PER DOLLAR.

3. COMMENT: ISRAELI FOREIGN EXCHANGE RESERVES
DECLINED SLIGHTLY IN JAN. AND FEB. BUT WERE STABILIZED
BY ADDITIONAL BORROWING. A POSITIVE ELEMENT IS EXPORT
PERFORMANCE. ISRAEL'S ECPORTS INCREASED 15 PERCENT IN
JAN. - FEB. HOWEVER, WE BELIEVE THAT EIGHT TO TEN PERCVENT DEVALUATI
ON
IS LIKELY, POSSIBLY THIS WEEKEND, PARTICULARLY IF DOLLAR (AND WITH
IT THE ISRAELI POUND) CONTINUES TO RISE IN EUROPEAN
EXCHANGE MARKETS. IF GOI DECIDES ON GREATER THAN TWO
PERCENT DEVALUATION, IT MAY ALSO ANNOUNCE FURTHER
AUSTERITY MEASURES INCLUDING REDUCTION IN FOOD SUBSIDIES.
ALTHOUGH GOVERNMENT HAS SPOKEN OF REDUCING SUBSIDIES
ON APRIL 1, DATE COULD BE ADVANCED TO COUNTER CURRENT
HOARDING OF FOODSTUFFS.
TOON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POUND (CURRENCY), DEVALUATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Previous Handling Restrictions: n/a
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Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUN 2004 by GarlanWA>; APPROVED <04 OCT 2004 by KelleyW0>
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EO Systematic Review
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Subject: POSSIBLE DEVALUATION OF ISRAELI POUND
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To: STATE
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